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ABSTRACT

This study was designed to: (1) obtain current salary and benefit information concerning child care workers in North Carolina; (2) profile the working conditions of day care workers; (3) determine the turnover and retention rates of day care workers and the factors that contribute to these rates; and (4) profile the day care worker and the factors that are necessary for the worker's continued commitment to the child care profession. Ten percent of all centers in North Carolina were randomly sampled. Responses were received from employees in 137 of the 257 centers in the sample. Findings indicated that child care is in crisis. Low wages are driving people out of the field and preventing well-educated teachers from considering child care as a career option. High turnover rates and a minimally educated teacher population contribute to a low quality of caregiving. It is concluded that policy decisions at both the legislative and administrative levels must begin to focus on solutions to the myriad of problems found. (RH)

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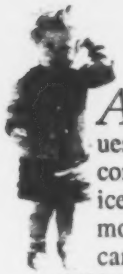


As the need for and use of day care continues to grow in North Carolina, the ability of communities to meet this demand for services becomes a critical issue. The single most important element in providing quality care is the staff recruited to work with the children. Recent reports from day care operators here have indicated a growing concern about the ability of programs to attract and retain qualified and trained staff. This informal information is confirmed by a recent study of child care staffing issues in five major metropolitan areas in the United States. An overall staff turnover rate of 41% per year was found to be linked to compensation (Whitebook, Howes and Phillips, 1989). Here in the South one would expect that salaries and benefits might be even lower.

Recent reports from day care operators here have indicated a growing concern about the ability of programs to attract and retain qualified and trained staff.

Based on these concerns three organizations agreed to conduct a survey to determine the extent of problems facing child care operators and staff members here in North Carolina—problems which directly affect children and their families. In late 1988, representatives of Day Care Services Association of Chapel Hill, Child Care Resources Inc. of Charlotte, and Frank Porter Graham Child Development Center of the University of North Carolina at Chapel Hill agreed to jointly conduct a survey of child care staff salaries, benefits and working conditions in day care centers in North Carolina.

Study Description

Policy decisions about how to best improve child care services all hinge on having basic information about the status of the current delivery system. Part of that information must be data on the child care worker and the employment practices in day care centers. This study was designed to:

(1) Obtain current salary and benefit information on child care workers in North Carolina,

(2) Profile the working conditions of day care workers,

(3) Determine the turnover and retention rates of day care workers and the factors that contribute to these rates, and

(4) Profile the day care worker and the factors that are necessary for a continued commitment to the child care profession.

Ten percent of all the centers in North Carolina were randomly sampled. Each center was mailed a center director survey and the number of day care teacher surveys needed to match the number of employees listed on the statistical printout maintained by the Child Day Care Section. The survey was mailed in mid-January. During March, 114 follow-up phone calls were made to the directors of all of the non-responding centers, encouraging their participation and seeking information about their lack of response. Responses were received from employees in 137 (54%) of the 257 centers in the sample. In a separate but adjoining study, all remaining centers in Mecklenburg and Orange Counties received survey packets.

Results

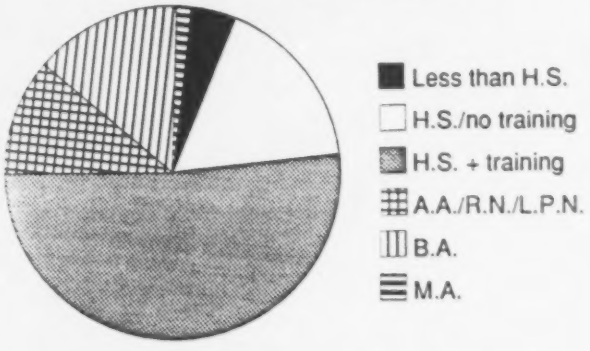
The analysis of the data was completed in two phases. The initial phase involved the examination of responses of directors and teachers in the statewide sample. This included both the analysis of descriptive statistics and of significant relationships between key variables. The following is a summary of the findings from this initial phase.

Initial Phase Findings

The day care teacher in North Carolina responding to this survey was clearly very committed to caring for young children and enjoyed her work. While she had only minimal formal education *(FIGURE 1)*, usually a high school education with some additional training through workshops, the typical teacher had

FIGURE 1

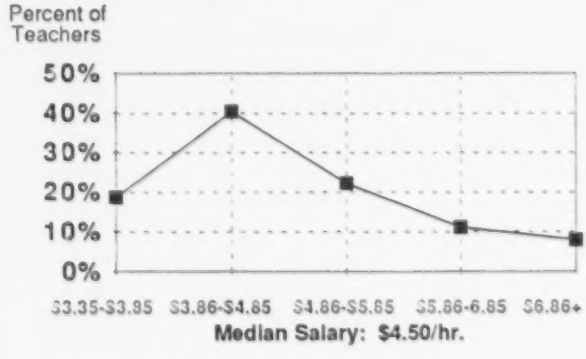
Formal Education of Teacher



been in the field five years, amassing a great deal of practical experience. She was paid very poorly, earning about $4.50 per hour *(FIGURE 2)* and worked under less than supportive conditions, often having to contribute extra time and money to acquire state-mandated training. More than half of the teachers reported that they would not be in the child care field in five years. Their concerns were low wages, poor benefits, lack of advancement

FIGURE 2

Day Care Teacher Hourly Salary-Percent of Teachers in Each Wage Range



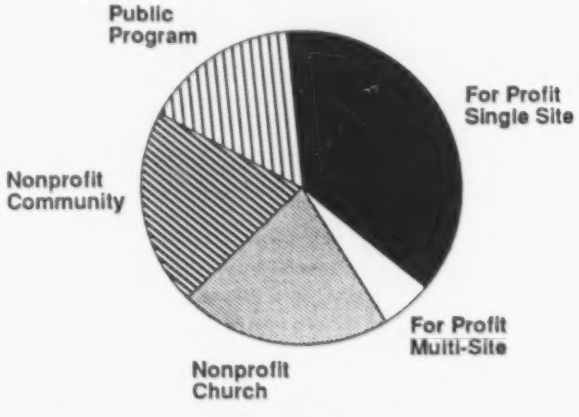
opportunities and poor staff/child ratios. The median age of teachers was 31 years. Many lived in households with total family incomes at the poverty level. Over two-thirds had children, with more than one-quarter of these teachers being single heads-of-households.

The responding day care director in North Carolina was also dedicated to the field of child care. However, she was far better educated and was paid somewhat more than her teaching staff. The typical director was 40 years old, had been in the field over eleven years, had some type of degree after high school, and earned about $7.00 per hour. Most directors planned to continue in the field. Their most pressing concerns were low pay and difficulty in finding qualified teachers. The majority of directors lived in families earning $30,000 or more per year and had children. Less than one in five directors with children was a single parent.

About 43 percent of the responding North Carolina day care centers operated for profit. One in five were operated by churches, another 20 percent were operated by not-for-

FIGURE 3

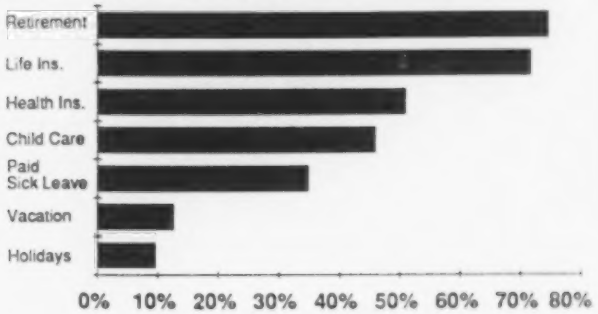
Type of Program Structure



profit, community sponsored boards, while over 15% were public programs including Headstart *(FIGURE 3)*. Many centers (38%) were willing to enroll government subsidized children. Typical fees ranged from $42 to $48 per week for a preschool child. Centers offered few benefits to staff with over one-half not providing any health insurance coverage, about one-third granting no days of paid sick leave,

FIGURE 4

Percent of Centers NOT Offering Typical Employee Benefits

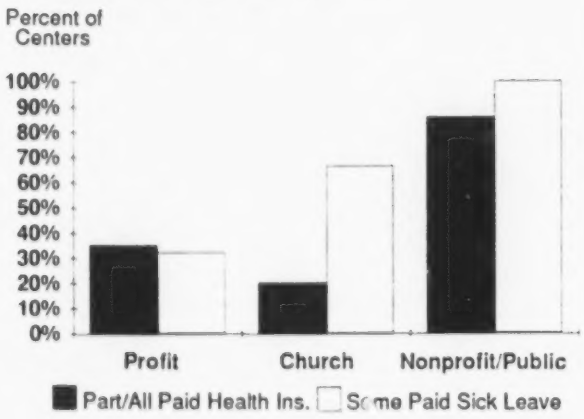


over three-quarters providing no retirement, and over one-half offering five or fewer vacation days per year *(FIGURE 4)*. Salaries paid to teachers were low, with a starting teacher typically earning about $4.00 per hour and a teacher who was receiving the top salary in her center earning a little over $5.00 per hour.

With these wages and benefits it is not surprising that the turnover rate for teachers in North Carolina was 38% per year. Turnover rates in the centers were related to the wages paid to teachers, consistent with the findings in the National Child Care Staffing Study. The wages paid to both directors and teachers were significantly related to their education, with consistently higher wages being paid to better educated staff. In turn, the higher paid staff had lower turnover rates. In centers with higher fees, teachers and directors received higher salaries and better benefits. Furthermore, the type of program administrative auspice was directly related to the wages and benefits given to staff and to the education of the staff working in these programs. Not-for-profit/public programs tended to pay their staff better, offer more benefits and have a better educated workforce *(FIGURE 5)*. Programs operating for profit tended to pay staff the lowest wages, offer the fewest benefits overall and have the poorest educated staff. Church programs fell between these two types on all three measures.

FIGURE 5

Health Benefits Offered by Type of Program Sponsor



Analytical Phase Findings

Having completed this initial analysis, it was decided that a more sophisticated analysis was warranted-- using data from all three data sets including the statewide sample as well as the remaining data from Mecklenburg and Orange Counties. The three data sets were combined and responses weighted, based on the probability of selection. Statistical procedures were selected to help understand what factors are important determinants of key issues facing child care-- issues such as wages, turnover and benefits. One clear and striking finding that overshadowed all other results is the great difference between programs based solely on their program auspice. This finding is consistent with that found in the initial phase. Consequently, additional analyses were conducted on three sub-sets of the data divided by program type: for profit, church and not-for-profit/public.

TABLE 1 (see page 4) displays a summary of the typical responses to key variables for the entire state, including all types of programs, and then these responses subdivided by the type of program auspice. Teachers in private not-for-profit and public programs were better educated, earned more and had been in the center longer than the state average. The centers they worked in were higher quality, spent more on benefits, had lower fees, had

TABLE 1

Comparison of Conditions in Centers in North Carolina

Variable	State Total	For-profit	Church	Non-profit
Median Teacher's Salary/Hr.	$4.50	$4.50	$4.80	$5.19
Median # of Months in Center	24	15.5	27	27
Average Yrs. of Teacher Education	13.36	13.17	13.36	13.56
Median Director's Salary/Hr.	$8.00	$8.00	$8.17	$8.20
Average Yrs. Director in Day Care	11.33	11.35	9.45	12.71
Average Yrs. of Director Education	14.95	14.26	15.25	15.6
Average Starting Teacher Wage/Hr.	$4.30	$3.93	$4.39	$4.69
Average Turnover Rate	38.15%	44.14%	29.89%	36.58%
Average Center Size	66	70	69	58
Average Four Yr. Old Fee/Week	$44.39	$45.80	$46.09	$42.15
Centers with "AA" License	13%	4%	10%	27%
Typical Vacation Days/Yr.	5 days	< 5 days	5 days	6-10 days
Typical Paid Sick Leave Days/Mo.	< 1 day	< .5 days	<1 day	1 day
Unemployment Rate in Community	3.86%	3.78%	3.67%	4.10%
Prevailing Wage/Hr. in Community	$9.13	$8.97	$9.83	$8.82
Teacher Wage as % of Prev. Wage	49.29%	50.11%	48.83%	58.84%
Director Wage as % of Prev. Wage	87.62%	89.19%	83.11%	92.97.%
Number of Centers	209	88	61	60
Number of Teachers	*896	368	254	270

*Four Teachers could not be identified by type of program auspice.

lower turnover rates and were smaller than the state average. The directors at these not-for-profit/public centers were also paid more, better educated and had been in the profession longer than the typical director.

In contrast, centers operating for profit tended to fall below the state average in all these dimensions. Church centers fell between the two other types of programs in most categories except turnover rate. These programs experience the lowest turnover of teachers, a rate almost 15 percentage points less per year than that experienced by for profit centers. Church centers also appear to be located in more urban areas of the state where the unemployment rate is lower, the overall prevailing wages are higher, and consequently, the fees that they charge were higher. As would be expected, not-for-profit/public centers are more prevalent in areas of the state with slightly higher unemployment rates and lower prevailing wages.

The next step of this analysis tried to determine which groups of variables had the greatest impact on salaries, benefits and turnover. Consistent, strong and highly significant relationships were found. Salary was measured in three different ways, director's actual salary, teacher's current salary and teacher's starting salary. In all three cases the most significant predictor of a higher salary was whether the employee worked in a private not-for-profit or public program.

For example, when looking at the predictors of a higher director's salary, the center's size, the director's education, how long she had been in the profession, whether the center had an "AA" license, the prevailing wages in the community and the type of program auspice were all significant predictors of the director's salary. But the most striking factor was whether the program was operated as not-for-profit/public. In fact, when a program was typical in all the variables described above, the director in a not-for-profit/public program could be expected to earn over $4,000 more per year than in a profit program. It is interesting to note that the second largest effect on salary came from whether the program had an "AA" license. A director in a typical program in all other aspects except that it has an "AA" license could expect to earn $2,000 more a year than in the same program with only an "A" license.

The most significant predictor of a higher salary was whether the employee worked in a private not-for-profit or public program.

When this analysis was done separately for each type of program auspice, different combinations of variables were significant for each type. For example, for a private for profit center having an "AA" license, the director could be expected to earn over $4,000 a year more than a director in a for profit program with an "A" license, if all other aspects of the program were typical. Yet having an "AA"

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license was not a significant predictor in private not-for-profit/public programs. Here education was the single best predictor of a higher salary with a director expecting to earn over $2,000 a year for each additional year of education. In the church programs, the prevailing wages in the community were the most significant predictors of increased wages for the director. For each dollar per hour increase in the community's prevailing wages the director could expect to earn $900 more per year.

Higher standards are not only important for the children, but also become an indicator of the working conditions in the program.

When examining the predictors of higher teachers' salaries in each of the three program types, two teacher characteristics were consistent in all three auspices and in the overall model. The length of time the teacher had worked in the program and the number of years of education were found to be strong predictors of a teacher's salary. However, the relative strength of these two factors is very interesting. In the overall model another year of education could be expected to produce $493 increase in salary whereas another year experience in a center would only net $123 more per year. This 4:1 ratio of education to longevity makes a strong case for teachers to go back to school if they want to earn more money in the child care field.

This same relationship held true in all three program types but the strength of the relationship varied. Church programs seem to most highly differentiate between education and longevity with a year of education producing six times the increase in expected wage over that expected from another year in the center. For profit programs did not reward education as much with teachers earning only twice the dollar increase for another year of school. Not-for-profit/public programs seemed to fall in the middle at about the same ratio as was demonstrated in the overall model.

Turnover was measured in two different ways for this analysis. A turnover rate for each center was calculated based on the ratio of the number of teachers who left the program during the year to the number of teachers employed in the program. In addition, expected turnover was measured by asking the teachers surveyed whether they planned to remain in the field in five years. In both cases the wages paid to the teachers were the most significant predictor of turnover, with higher wages leading to less turnover. In both cases the prevailing wages in the community also had a direct impact on turnover, with higher overall community wages predicting that teachers were less likely to remain in their child care jobs or more likely to exhibit higher turnover rates. The model that used the teacher's self-reported commitment to stay in the field as a measure of turnover found a third variable significant. Whether a teacher worked in a program with an "AA" license also made a difference in whether they said they would be in the field in five years. This finding indicates that higher

The single most important factor relevant to the expenditure of funds for benefits was whether the employee worked in a private not-for-profit/public program.

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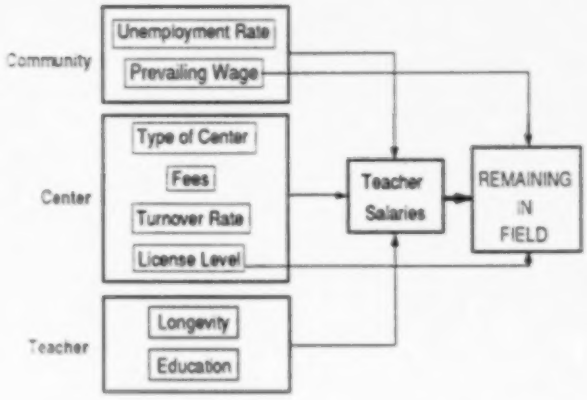
FIGURE 6
Predictors of Teacher Intent to Remain in Field



standards are not only important for children, but also become an indicator of the working conditions in the program.

To understand the relationship of all of these variables and some not previously mentioned to whether a teacher will remain in the field, a model *(FIGURE 6)* was developed that considered variables at three levels: community, center, and teacher. At the community level both the unemployment rate and the prevailing wages in the community were significant predictors of teacher's salary, with higher community wages and lower unemployment rates predicting higher salaries. In addition to program auspice and licensure level ("A" vs. "AA" license), which have been discussed earlier, the higher fees charged for child care and lower turnover rates in centers were significant in predicting higher teacher salaries. At the individual level, as previously noted, both the education of the teacher and her length of time in the program were significant. The combination of all of these variables produces a very strong model for understanding what variables affects the salaries teachers are paid. These salaries, along with the prevailing wage rate of the community and the licensure level, then, in turn, affect whether the teacher will remain in the child care profession.

Predicting the provision of benefits was consistent with the findings in the earlier analysis. Here benefits were measured as imputed dollars expended on health insurance and retirement. Estimated dollar values were assigned to each benefit category so that if a center provided neither health insurance nor retirement, they were assigned a zero dollar value. (For example, a program that provided only partial coverage on health insurance and no retirement was estimated to spend $600 per year on benefits.) As with predictors of salary, the single most important factor relevant to the expenditure of funds for benefits was whether the employee worked in a private not-for-profit /public program.

Conclusion

It is clear from these findings that child care is in crisis. Low wages are driving people out of the field and preventing well-educated teachers from considering child care as a career option. High turnover rates and a minimally educated teacher population contribute to a lower quality of caregiving. Policy decisions at both the legislative and administrative levels must begin to focus on solutions to the myriad of problems this study has found.

Substantial and innovative strategies must be employed to ensure that young children in our state are cared for in quality, early learning environments. These high quality environments, whether in homes or centers, must be affordable for all parents. Both the public and private sectors of our society must be willing to place a high priority on meeting the needs of young children and families. Major improvements in our current child care system are needed and will be expensive. The following is a list of major recommendations that can make a difference:

1. **Increase government subsidies for child care to low and moderate income families.** Quality child care is expensive. Most families in North Carolina can not afford to pay the full cost of a quality preschool program. Currently there are 14,500 poor children on waiting lists for day care subsidy across the state. Many more need help. Their parents are trying to work and support their families but the cost of child care often inhibits their ability to make enough income to be successful. Because of rigid income eligibility standards, many low income working families are ineligible for as-

sistance with their child care costs. An investment of government dollars in quality child care now can save dollars spent on public assistance for families and on remedial education spent on children after they enter school.

2. **Improve reglatory standards in child care centers and homes so that North Carolina's children minimally receive care at a standard that is equal to or better than the national average.**

North Carolina falls between 25 and 50 percent below the national average in staff/child ratios in our day care centers. Young children are not getting the adult attention they should have to ensure that all of their developmental needs are met. Research has demonstrated that a quality early educational experience is cost effective and can make a difference in a child's later success in school and life. This study now shows that teachers are leaving the field because they have too many children to care for. Major improvement in the standards will benefit children directly and reduced turnover in the teachers who are caring for them may give children stability and consistency in caregivers.

3. **Provide a statewide day care supplement that corresponds to the educational level of the teacher.**

The salaries of day care teachers are extremely low. Few teachers have advanced degrees beyond a high school diploma. In order to encourage day care professionals to both stay in the field and seek associate and bachelor's degrees in early childhood education, salary incentives must be developed. A teacher supplement that is tied to the educational achievement of the individual teacher would serve as such an incentive. With better educated teachers who are willing to remain in the field, the quality of early childhood educational experiences for children will be improved.

4. **Establish group health insurance coverage for employees of licensed child care centers and registered family day care providers coordinated and supported by the state of North Carolina.**

The creation of a day care insurance pool would help reduce costs for health insurance coverage and increase the likelihood that health insurance would be available. Initially, the state should contribute one million dollars per year to subsidize the cost of this insurance for the child care worker. This amount should increase as participation in the plan rises. Improvement in the benefits available to child care workers will enable competent and well-trained staff to remain in the child care profession and will make child care a more competitive field of work.

5. **Increase and expand the role of business and industry through their contribution of a portion of the child care costs of their employees.**

Child care costs often exceed 20% of the gross earnings of a low income worker's salary. When faced with having to pay such a large share of their earnings for child care, these workers may have to choose not to work or choose inexpensive, but inadequate and unstable child care. Either choice causes disruption and a lack of productivity at the worksite. Employers who have paid a portion of their employees child care costs through a voucher program, contracted to pay for part of the cost in certain centers in a community through a vendor agreement, or have operated their own child care centers have more satisfied employees and have reduced other costs associated with higher turnover rates. By providing this subsidy these employers can also insure that the workforce of tomorrow is receiving a quality early childhood experience that will contribute to their future educational success.

Day care providers, parents, businesses, government and educational institutions must all be involved in finding solutions. Young children need a well-educated and stable corps of teachers to care for them. Parents need consistent, affordable, quality child care. Day care teachers need to be paid equitable salaries, have basic benefits and receive support for raising their educational level. Solutions can be found if priority is placed on improving the quality of services for North Carolina's youngest citizens.

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